

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

CAMERON LNG, LLC)
_____)

FE DOCKET NO. 19-62-LNG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT PREVIOUSLY IMPORTED
LIQUEFIED NATURAL GAS BY VESSEL
TO FREE TRADE AGREEMENT AND
NON-FREE TRADE AGREEMENT COUNTRIES

DOE/FE ORDER NO. 4425

AUGUST 21, 2019

I. INTRODUCTION

On May 23, 2019, Cameron LNG, LLC (Cameron LNG) filed an application (Application)¹ with the Office of Fossil Energy (FE) of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA).² Cameron LNG requests authorization to export liquefied natural gas (LNG) previously imported into the United States from foreign sources on a short-term or spot market basis. Cameron LNG seeks to export the LNG in a volume equivalent to 2 billion cubic feet (Bcf) of natural gas on a cumulative basis for a two-year period beginning on the date this Order is issued.³

Cameron LNG seeks to export this LNG by vessel from the Cameron LNG Terminal located in Cameron and Calcasieu Parishes, Louisiana, to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy.⁴ This includes any country with which the United States currently has, or in the future will have, a free trade agreement (FTA) requiring national treatment for trade in natural gas (FTA countries);⁵ and any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries).⁶ Cameron LNG is requesting this authorization on its own behalf and as agent for other parties

¹ *Cameron LNG, LLC*, Application for Short-Term Blanket Authorization to Export Previously Imported Liquefied Natural Gas, FE Docket No. 19-62-LNG (May 23, 2019) [hereinafter App.].

² The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. § 717b) has been delegated to the Assistant Secretary for FE in Redelegation Order No. 00-002.04G, issued on June 4, 2019.

³ App. at 1.

⁴ *Id.* at 3.

⁵ 15 U.S.C. § 717b(c). The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore. FTAs with Israel and Costa Rica do not require national treatment for trade in natural gas.

⁶ 15 U.S.C. § 717b(a).

who hold title to the LNG at the time of export.⁷ Cameron LNG states that it does not seek authorization to export any domestically produced natural gas or LNG.⁸

In this Order, DOE/FE grants Cameron LNG's Application and authorizes the export of previously imported LNG in a volume equivalent to 2 Bcf on a cumulative basis over the requested two-year period. Specifically, DOE/FE grants the FTA portion of the Application under NGA section 3(c), 15 U.S.C. § 717b(c). Section 3(c) was amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486) to require that FTA applications "shall be deemed to be consistent with the public interest" and granted "without modification or delay."⁹ The FTA portion of the Application falls within NGA section 3(c) and, therefore, DOE/FE approves the requested FTA authorization without modification or delay. Accordingly, none of the public interest analysis discussed below applies to the FTA authorization. As to the non-FTA portion of the Application, DOE/FE has reviewed the record in this proceeding under NGA section 3(a), 15 U.S.C. § 717b(a), and likewise grants that requested authorization, as set forth below.

II. BACKGROUND

Applicant. Cameron LNG is a Delaware limited liability company with its principal place of business in Houston, Texas. Cameron LNG is a joint venture owned by affiliates of Sempra Energy, Total S.A., Mitsui & Co., Ltd., Mitsubishi Corporation, and Nippon Yusen Kabushiki Kaisha.¹⁰

Procedural History. Cameron LNG filed its Application in this proceeding on May 23, 2019. On June 19, 2019, DOE/FE published a Notice of Application in the *Federal Register* for

⁷ App. at 3.

⁸ *Id.* at 4.

⁹ 15 U.S.C. § 717b(c).

¹⁰ App. at 1-2.

the non-FTA portion of the Application.¹¹ Comments, protests, and motions or notices to intervene on the Application were due on July 19, 2019.

DOE/FE received two filings in response to the Notice of Application. First, DOE/FE received an anonymous comment submitted on July 16, 2019.¹² The commenter stated that DOE/FE should deny the requested authorization “because this type of energy is harmful to the planet.”¹³ Second, the Industrial Energy Consumers of America (IECA) submitted a “Notice of Intervention, Protest and Comment” in opposition to the Application on July 19, 2019, but IECA subsequently withdrew its pleading on July 22, 2019.¹⁴ Because no protests or motions to intervene in opposition to the Application were filed, the non-FTA portion of the Application is uncontested.¹⁵

III. DESCRIPTION OF REQUEST

Cameron LNG requests authorization to export LNG previously imported into the United States from foreign sources in a volume up to the equivalent of 2 Bcf of natural gas on a cumulative basis to both FTA and non-FTA countries. Cameron LNG requests this authorization for a two-year period beginning on the date this Order is issued.¹⁶

Cameron LNG states that the LNG proposed for export is “previously imported, foreign-sourced LNG derived from [its] LNG importing activities and is situated in LNG storage tanks at the Cameron LNG Terminal.”¹⁷ Cameron LNG further states that no new construction or

¹¹ Cameron LNG, LLC, Application for Blanket Authorization to Export Previously Imported Liquefied Natural Gas on a Short-Term Basis to Non-Free Trade Agreement Countries, 84 Fed. Reg. 28,544 (June 19, 2019).

¹² Anonymous Comment, FE Docket No. 19-62-LNG (July 16, 2019).

¹³ *Id.*

¹⁴ Email from Paul Cicio, Counsel for Industrial Energy Consumers of America, to DOE/FE, FE Docket No. 19-62-LNG (July 22, 2019).

¹⁵ *See* 10 C.F.R. § 590.102(b).

¹⁶ App. at 1.

¹⁷ *Id.* at 4.

modifications to the Cameron LNG Terminal will be required to accommodate the proposed exports.¹⁸

IV. APPLICANT'S PUBLIC INTEREST ANALYSIS FOR NON-FTA AUTHORIZATION

Cameron LNG maintains that its requested authorization is consistent with NGA section 3(a) and DOE/FE's policy. In support of this argument, Cameron LNG asserts that the volume of previously imported foreign-sourced LNG that it proposes to export is not necessary to meet domestic needs, nor will it reduce supplies of domestically-produced natural gas.¹⁹ Cameron LNG points to DOE/FE Order No. 4197, issued to Sabine Pass Liquefaction, LLC on June 4, 2018, in which DOE/FE noted that it has issued numerous blanket authorizations to export previously imported LNG.²⁰ Cameron LNG suggests that DOE/FE's findings in DOE/FE Order No. 4197 and in similar blanket authorizations should apply to its request.²¹

Citing DOE/FE Order No. 4197, Cameron LNG notes that DOE/FE took administrative notice of the U.S. Energy Information Administration's (EIA) *Annual Energy Outlook 2018* in finding that the requested volumes of foreign-sourced LNG were not needed to meet domestic demand.²² Cameron LNG suggests that this conclusion should also apply to its Application.²³

As further support, Cameron LNG cites EIA's *Annual Energy Outlook 2019* in stating that projected annual domestic dry natural gas production in 2021 is well in excess of total

¹⁸ *Id.*

¹⁹ *Id.* at 6.

²⁰ *Id.* at 4 n.11, 5 (citing *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 4197, FE Docket No. 18-35-LNG, Order Granting Blanket Authorization to Export Previously Imported Liquefied Natural Gas by Vessel to Free Trade Agreement and Non-Free Trade Agreement Countries, at 8 (June 4, 2018)).

²¹ *Id.* at 5-6.

²² App. at 5 (citing U.S. Energy Info. Admin., *Annual Energy Outlook 2018* (Feb. 6, 2018), available at: <https://www.eia.gov/outlooks/aeo/pdf/AEO2018.pdf>).

²³ *Id.* at 5-6.

natural gas consumption in the same year.²⁴ Cameron LNG asserts that the projections in AEO 2019 demonstrate that “there is sufficient natural gas supply to satisfy domestic demand from other sources at competitive prices without relying on the previously imported LNG proposed to be exported.”²⁵ In sum, Cameron LNG states that, because there is “no domestic reliance” on its proposed exports of previously imported LNG, granting the non-FTA portion of its Application will not be inconsistent with the public interest.²⁶

V. DISCUSSION AND CONCLUSIONS FOR NON-FTA AUTHORIZATION

A. Standard of Review

Section 3(a) of the NGA sets forth the applicable standard for DOE/FE’s review of the requested non-FTA authorization. Section 3(a) provides:

[N]o person shall export any natural gas from the United States to a foreign country or import any natural gas from a foreign country without first having secured an order of the [Secretary of Energy] authorizing it to do so. The [Secretary] shall issue such order upon application, unless after opportunity for hearing, [he] finds that the proposed exportation or importation will not be consistent with the public interest. The [Secretary] may by [the Secretary’s] order grant such application, in whole or part, with such modification and upon such terms and conditions as the [Secretary] may find necessary or appropriate.²⁷

This provision creates a rebuttable presumption that a proposed export of natural gas is in the public interest.²⁸ DOE/FE must grant such an application unless the presumption is overcome by an affirmative showing of inconsistency with the public interest.²⁹

In evaluating an export application under this standard, DOE/FE applies the principles described in DOE Delegation Order No. 0204-111—which focuses primarily on domestic need

²⁴ *Id.* at 6 (citing U.S. Energy Info. Admin., *Annual Energy Outlook 2019* (Jan. 24, 2019), available at: <https://www.eia.gov/outlooks/aeo/pdf/aeo2019.pdf> [hereinafter AEO 2019]).

²⁵ *Id.*

²⁶ *Id.*

²⁷ 15 U.S.C. § 717b(a).

²⁸ *See, e.g., Sierra Club v. U.S. Dep’t of Energy*, 867 F.3d 189, 203 (D.C. Cir. 2017) (citations omitted).

²⁹ *See id.*

for the natural gas to be exported, as described in the Secretary's natural gas Policy Guidelines³⁰—and any other matters determined to be appropriate for a determination of the public interest. In addition, the National Environmental Policy Act (NEPA), 42 U.S.C. § 4321 *et seq.*, requires DOE to give appropriate consideration to the environmental effects of its proposed decisions.

B. Domestic Need

Cameron LNG's Application involves a request for authorization to export LNG that was previously imported into the United States from foreign sources. Exporting this proposed volume of LNG will not reduce the availability of domestically produced natural gas. On the other hand, exporting previously imported LNG could affect the domestic natural gas market because, for the requested two-year period, the proposed exports will reduce the volume of natural gas potentially available for consumption within the United States.

DOE/FE has issued numerous blanket authorizations to export previously imported LNG in other proceedings.³¹ These orders were based, in part, on authoritative data indicating that United States consumers have access to substantial quantities of natural gas sufficient to meet domestic demand from other competitively-priced sources. DOE takes administrative notice of the most recent analysis prepared by EIA in AEO 2019, cited by Cameron LNG. AEO 2019 projects annual domestic dry natural gas production in 2020 of 33.55 Tcf, with total natural gas consumption projected to be 30.26 Tcf in the same year.³²

³⁰ New Policy Guidelines and Delegations Order Relating to Regulation of Imported Natural Gas, 49 Fed. Reg. 6684 (Feb. 22, 1984).

³¹ *See supra* at 5.

³² *See* AEO 2019 Reference Case, Table 13: Natural Gas Supply, Disposition, and Prices, *available at*: <https://www.eia.gov/outlooks/aeo/data/browser/#/?id=13-AEO2019&cases=ref2019&sourcekey=0>.

Inasmuch as domestic natural gas production levels are projected to reach an amount that well exceeds the amount of natural gas proposed for short-term export in Cameron LNG’s Application, we find that United States consumers will continue to have access to substantial quantities of natural gas sufficient to meet domestic demand from multiple other sources at competitive prices without drawing on the LNG that Cameron LNG seeks to export.

C. Other Public Interest Factors

Domestic need is the only explicit public interest consideration identified by DOE in Delegation Order No. 0204-111. However, consistent with DOE’s natural gas policy guidelines and DOE/FE precedent, DOE/FE considers the potential effects of proposed exports on other aspects of the public interest, including environmental factors (discussed below).

D. Environmental Review

NEPA requires DOE to give appropriate consideration to the environmental effects of its proposed decisions. As noted above, Cameron LNG states that its proposed exports would require no new construction or modifications to the Cameron LNG Terminal.³³ Under these circumstances, DOE’s NEPA procedures provide for a categorical exclusion for which neither an environmental assessment (EA) nor an environmental impact statement (EIS) is required—specifically, categorical exclusion B5.7 (10 C.F.R. Part 1021, Subpart D, Appendix B5).³⁴ Accordingly, DOE issued a categorical exclusion, dated August 20, 2019, finding that Cameron LNG’s proposed exports are categorically excluded from further NEPA review.³⁵

³³ App. at 4.

³⁴ See 10 C.F.R. § 1021.410, Appendix B to Subpart D of Part 1021, Categorical Exclusion B5.7 (“Approvals or disapprovals of new authorizations or amendments of existing authorizations to import or export natural gas under section 3 of the Natural Gas Act that involve minor operational changes (such as changes in natural gas throughput, transportation, and storage operations) but not new construction.”).

³⁵ U.S. Dep’t of Energy Categorical Exclusion Determination, Cameron LNG, LLC, FE Docket No. 19-62-LNG (Aug. 20, 2019).

E. Conclusion

Upon review of the record, including the anonymous comment received, DOE/FE finds that a grant of the uncontested non-FTA portion of Cameron LNG's Application is not inconsistent with the public interest. In particular, the record shows that there is a sufficient supply of natural gas to satisfy domestic demand from multiple other sources at competitive prices without drawing on Cameron LNG's proposed exports during the two-year authorization period. Further, the proposed exports qualify for a categorical exclusion under NEPA, such that no EA or EIS will be required. DOE/FE therefore grants Cameron LNG's Application, as set forth below.

VI. FINDINGS

(1) Section 3(c) of the NGA was amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486) to require that applications requesting authority for the export of natural gas, including LNG, to a nation with which there is in effect an FTA requiring national treatment for trade in natural gas shall be deemed consistent with the public interest and granted without modification or delay.³⁶ The FTA portion of Cameron LNG's Application falls within section 3(c), as amended, and therefore, DOE/FE grants the requested authorization without modification or delay.³⁷

(2) With respect to the non-FTA portion of the Application, and after due consideration based on all facts and evidence of record, DOE/FE finds that a grant of the export application is not inconsistent with the public interest under NGA section 3(a), 15 U.S.C. § 717b(a).

³⁶ 15 U.S.C. § 717b(c).

³⁷ DOE further finds that the requirement for public notice of applications and other hearing-type procedures in 10 C.F.R. Part 590 are applicable only to applications seeking to export natural gas, including LNG, to non-FTA countries.

(3) As described above, Cameron LNG requests authorization to export LNG on its own behalf and as agent for other entities who will hold title to the LNG at the time of export. DOE/FE previously addressed the issue of Agency Rights in DOE/FE Order No. 2913,³⁸ which granted Freeport LNG Expansion, L.P., *et al.* (collectively, FLEX) authority to export LNG to FTA countries. In that order, DOE/FE approved a proposal by FLEX to register each LNG title holder for whom FLEX sought to export LNG as agent. DOE/FE found that this proposal was an acceptable alternative to the non-binding policy adopted by DOE/FE in *The Dow Chemical Company*, which established that the title for all LNG authorized for export must be held by the authorization holder at the point of export.³⁹ We find that the same policy considerations that supported DOE/FE's acceptance of the alternative registration proposal in DOE/FE Order No. 2913 apply here as well.

DOE/FE reiterated its policy on Agency Rights procedures in other authorizations, including *Cameron LNG, LLC*, DOE/FE Order No. 3680.⁴⁰ In that order, DOE/FE determined that, in LNG export orders in which Agency Rights have been granted, DOE/FE shall require registration materials filed for, or by, an LNG title-holder (Registrant) to include the same company identification information and long-term contract information of the Registrant as if the Registrant had filed an application to export LNG on its own behalf.⁴¹

To ensure that the public interest is served, the authorization granted herein shall require

³⁸ *Freeport LNG Expansion, L.P., et al.*, DOE/FE Order No 2913, FE Docket No. 10-160-LNG, Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Freeport LNG Terminal to Free Trade Nations (Feb. 10, 2011).

³⁹ *The Dow Chemical Company*, DOE/FE Order No. 2859, FE Docket No. 10-57-LNG, Order Granting Blanket Authorization to Export Liquefied Natural Gas, at 7-8 (Oct. 5, 2010), discussed in *Freeport LNG*, DOE/FE Order No. 2913, at 7-8.

⁴⁰ *Cameron LNG, LLC*, DOE/FE Order No. 3680, FE Docket No. 15-36-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas By Vessel from the Cameron LNG Terminal in Cameron and Calcasieu Parishes, Louisiana, to Free Trade Agreement Nations (July 10, 2015).

⁴¹ *See id.* at 7-8.

that where Cameron LNG proposes to export LNG as agent for other entities who hold title to the LNG (Registrants), Cameron LNG must register with DOE/FE those entities on whose behalf it will export LNG in accordance with the procedures and requirements described herein.

ORDER

Pursuant to section 3 of the NGA it is ordered that:

A. Cameron LNG, LLC (Cameron LNG) is authorized to export LNG previously imported from foreign sources in a volume equivalent to 2 Bcf of natural gas pursuant to transactions that have terms of no longer than two years. This authorization shall be effective for a two-year term beginning on August 21, 2019, and extending through August 20, 2021.

B. This LNG may be exported by vessel from the Cameron LNG Terminal to any country with the capacity to import ocean-going LNG carriers and with which trade is not prohibited by U.S. law or policy.

C. Cameron LNG shall ensure that all transactions authorized by this Order are permitted and lawful under U.S. laws and policies, including the rules, regulations, orders, policies, and other determinations of the Office of Foreign Assets Control of the United States Department of the Treasury and the Federal Energy Regulatory Commission. Failure to comply with this requirement could result in rescission of this authorization and/or other civil or criminal remedies.

D. Cameron LNG, or others for whom Cameron LNG acts as agent, shall include the following provision in any agreement or other contract for the sale or transfer of LNG exported pursuant to this Order:

Customer or purchaser acknowledges and agrees that it will resell or transfer LNG purchased hereunder for delivery only to countries identified in Ordering Paragraph B of DOE/FE Order No. 4425, issued August 21, 2019, in FE Docket No. 19-62-LNG, and/or to purchasers that have agreed in writing to limit their direct or indirect

resale or transfer of such LNG to such countries. Customer or purchaser further commits to cause a report to be provided to Cameron LNG, LLC that identifies the country (or countries) into which the exported LNG was actually delivered, and to include in any resale contract for such LNG the necessary conditions to ensure that Cameron LNG, LLC is made aware of all such countries.

E. Cameron LNG is permitted to use its authorization in order to export LNG as agent for other entities, after registering the other entities with DOE/FE. Registration materials shall include an acknowledgement and agreement by the Registrant to supply Cameron LNG with all information and copies of contracts necessary in order to permit Cameron LNG to register that person or entity with DOE/FE, including: (1) the Registrant's agreement to comply with this Order and all applicable requirements of DOE's regulations at 10 C.F.R. Part 590, including but not limited to destination restrictions; (2) the exact legal name of the Registrant, state/location of incorporation/registration, primary place of doing business, and the Registrant's ownership structure, including the ultimate parent entity if the Registrant is a subsidiary or affiliate of another entity; (3) the name, title, mailing address, e-mail address, and telephone number of a corporate officer or employee of the Registrant to whom inquiries may be directed; and (4) an acknowledgement and agreement by the Registrant to include the provision in Ordering Paragraph D in any contract for the sale or transfer of LNG exported pursuant to this Order.

F. Each registration submitted pursuant to this Order shall have current information on file with DOE/FE. Any changes in company name, contact information, or other relevant modifications, shall be filed with DOE/FE within 30 days of such change(s).

G. As a condition of this order, Cameron LNG shall ensure that all persons required by this Order to register with DOE/FE have done so.

H. Monthly Reports: With respect to the export of LNG authorized by this Order, Cameron LNG shall file with the Office of Regulation, Analysis, and Engagement, within 30 days following the last day of each calendar month, a report indicating whether exports of LNG have been made. Monthly reports must be filed whether or not initial deliveries have begun. If no exports have been made, a report of “no activity” for that month must be filed. If exports of LNG have occurred, the report must give the following details of each LNG cargo: (1) the name(s) of the authorized exporter registered with DOE/FE; (2) the name of the U.S. export terminal; (3) the name of the LNG tanker; (4) the date of departure from the U.S. export terminal; (5) the country (or countries) into which the LNG is actually delivered; (6) the name of the supplier/seller; (7) the volume in thousand cubic feet (Mcf); (8) the price at point of export per million British thermal units (MMBtu); (9) the duration of the supply agreement (indicate spot sales); and (10) the name(s) of the purchaser(s).

(Approved by the Office of Management and Budget under OMB Control No. 1901-0294)

I. The first monthly report required by this Order is due not later than September 30, 2019, and should cover the reporting period from August 21, 2019, through August 31, 2019.

J. All monthly report filings on Form FE-746R shall be made to the U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Regulation, Analysis, and Engagement, according to the methods of submission listed on the Form FE-746R reporting instructions available at <https://www.energy.gov/fe/services/natural-gas-regulation>.

Issued in Washington, D.C., on August 21, 2019.

Shawn Bennett
Deputy Assistant Secretary
Office of Oil and Natural Gas